

GLOBAL & REGIONAL DAILY

May 16, 2024

Global markets

The US headline CPI decelerated to 0.3%MoM in April from 0.4%MoM in the prior month, taking the annual rate down by 0.1ppts to 3.4%. Core inflation also slowed to 0.3%MoM from 0.4%MoM, with the annual rate dropping to 3.6%, reinforcing optimism that the disinflationary process has regained momentum after three consecutive months of upward surprises. We also had US retail sales data yesterday, which showed that the headline print was flat and the March figure was revised lower by 0.1ppts to 0.7%MoM. The control group print was unexpectedly negative at -0.3%MoM. In light of these developments, investors readjusted their Fed rate easing expectations, with money-market forwards currently pricing in 50bps of cumulative easing by year-end, with a near 90% probability that the first-rate cut will be delivered by September. Fixed-income markets rallied on both sides of the Atlantic, several major equity market indices hit fresh record highs and the USD DXY index extended its decline below the 104.50 level.

Greece

According to European Commission's spring forecasts, Greece's GDP is expected to follow an upward trend, i.e., to increase by 2.2% in 2024 and 2.3% in 2025, supported by export, investments, and private consumption, whereas inflation is expected to decelerate to 2.8% and 2.1% respectively. In addition, unemployment rate is expected to go down to 10.3% this year and to 9.7% in 2025, whereas both General government and Current account deficits (as % of GDP) are expected to drop to 1.2% in 2024 and 0.8% in 2025 the former and to 5.2% and 4.8% the latter, respectively. According to provisional data released by ELSTAT, in Mar-24 the Output Price Index in Agriculture-Livestock (excluding subsidies) reported a strong increase of 18.2% YoY, albeit lower compared to its increase in Feb-24 (+20.2% YoY) and in Jan-24 (+22.5% YoY). The main driver of the said increase of the index in Mar-24 was the rise in the price index in crop output group by 27.9% YoY – mainly due to the increase in olive oil (+79.7% YoY) and fruits (+31.9%).

CESEE

A stream of Q1 GDP flash estimates came in yesterday. In Cyprus, seasonally adjusted annual growth accelerated to 3.3% from 2.3% in Q4 2023, the strongest Q1 print in the euro area. The growth momentum was robust also on a quarterly basis, +1.2% after +1.0% in Q4. In Poland s.a. GDP rose 1.3%YoY, a pace slightly slower than the six-quarter high of 1.6%YoY in Q4. On the flipside, the quarterly reading turned positive, 0.4%, after a marginal fall in Q4 (-0.1%). In its spring economic forecasts, the European Commission revised mostly upwards its growth projections for the core economies in the region (CEE3) and Romania. The latter economy is projected to grow 0.4ppts faster in 2024 (3.3%), upgrades for Poland and Czechia were marginal (+0.1ppts, to 1.2% and 2.8%, respectively), and the forecast for Hungary was unchanged (2.4%). GDP revisions for Hungary and Romania were tilted to the downside for 2025 (-0.1ppts, to 3.5% and 3.1%), the forecast for Czechia was unchanged (2.8%) and Poland's outlook improved (+0.2ppts, 3.4%).

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